MULTIMEDIA UNIVERSITY

STUDENT ID NO

# MULTIMEDIA UNIVERSITY

# FINAL EXAMINATION

**TRIMESTER 3, 2015 / 2016**

## DBL5028 – COMPANY LAW

( For Diploma Students Only )

31 MAY 2016
2.30 p.m. – 4.30 p.m.
( 2 Hours )

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**INSTRUCTIONS TO STUDENT**

1. This question paper consists of **3** pages with **4** questions.
2. Answer all questions.
3. You are required to cite sections and case laws where relevant.
4. Write all your answers in the Answer Booklet provided.

## QUESTION 1

a) With reference to the provisions in the Companies Act 1965, explain the following:

i. Executive director

(3 marks)

ii. Number of directors in a company

(3 marks)

iii. Any **(2) TWO** qualifications of a director

(4 marks)

b) In February 2001, Leha and Zubaidah formed a property development company consisting of five shareholders. Both of them also acted as directors of the company. The company continues to make profits and owned several factories throughout Malaysia.

In January 2014, a purchase of a factory was made by the company from Dato' Mansor at the price of RM 5 million. However, no disclosure was made to the board of directors on the fact that Dato' Mansor is Leha's uncle and the factory was in a very poor condition. As a result, the company suffered financial loss.

On behalf of the company, Zubaidah seeks your advice on whether the company can sue Leha for breach of fiduciary duties.

Advise Zubaidah.

(15 marks)

**[Total : 25 Marks]**

## QUESTION 2

Irrespective of its purpose, a meeting generally connotes and contemplates an interchange between two or more persons. From the viewpoint of a company, there are three types of general meetings provided under the Companies Act 1965.

a) State the purposes of both **statutory meeting** and **annual general meeting**.

(10 marks)

b) In order to convene a meeting, there are several procedures to be followed. With reference to the provisions in the Companies Act 1965, explain the following:

i. Quorum

(4 marks)

ii. Chairman

(6 marks)

iii. Resolution

(5 marks)

**[Total : 25 Marks]**

## QUESTION 3

a) When it is satisfied that the necessary requirements under the Companies Act 1965 have been fulfilled, a company will be incorporated on and from the date specified in the certificate of incorporation. State **(5) FIVE** effects of incorporation with reference to Section 16(5) of the Companies Act 1965.

(5 marks)

b) Rosnah and Johari are the directors and shareholders of Kain Lawa Sdn. Bhd, a company dealing in the manufacture of undergarments. After two years of its incorporation, the company has not been profitable and is heavily in debt.

In June 2014, the directors entered into a contract with Cantik Sangat Sdn. Bhd. to buy RM 1 million worth of fabrics although the company was not in a position to repay its debt. After a year of struggling, the business continued to decline and the company went into liquidation. A liquidator has been appointed for such purpose.

The liquidator seeks your advice on whether Rosnah and Johari can be made personally liable for the contract with Cantik Sangat Sdn. Bhd.

Advise the liquidator.

(15 marks)

c) Explain any **(2) TWO** circumstances where judges are prepared to lift the corporate veil.

(5 marks)

**[Total : 25 Marks]**

## QUESTION 4

a) State **(1) ONE** advantage and **(1) ONE** disadvantage of having a sole proprietorship as a business organisation.

(4 marks)

b) According to Section 3(1) of the Partnership Act 1961, a partnership can be defined as the relationship which subsists between two or more persons carrying on business in common with a view of profit.

i. Explain the liability in a partnership.

(8 marks)

ii. With reference to the provisions in the Partnership Act 1961, explain any **(5) FIVE** ways to dissolve a partnership.

(10 marks)

**Continued...**

iii. State any **(3) THREE** types of a partner in a partnership.

(3 marks)

**[Total : 25 Marks]**

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